



Interim Affordable Housing Regulatory Bonuses in the Compact Neighborhood Tier

TC1600005



Presentation and Discussion Overview

- ✚ Background (Young)
- ✚ Proposed Interim Regulations (Jacobson)
- ✚ Limitations, Benefits, Potential Consequences (Young)
- ✚ Next Steps for a Long Term Strategy (Young)





Resolution on Affordable Housing in Transit Areas (2015)



15% of all housing units within ½ mile of light rail transit stations should be affordable to households with incomes less than 60% of area median income (AMI).



City Affordable Housing Plan Goals

1. Preserve and expand affordable rental housing

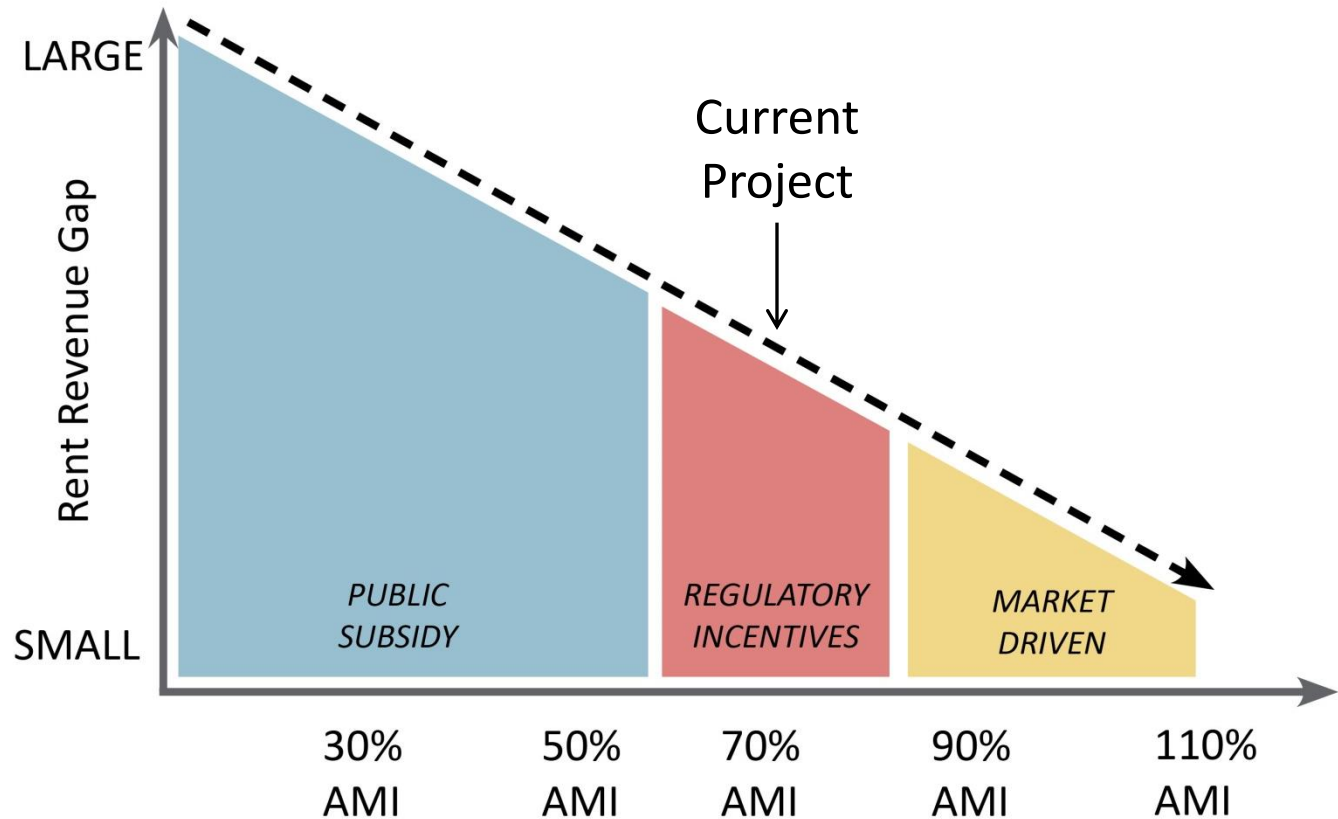


Strategy 1(e): Consider an enhanced density bonus to leverage market-rate development to generate affordable units, most likely in the 60-80% AMI range.

2. Maintain affordability in appreciating neighborhoods
3. Engage larger community to make affordable housing a citywide priority.

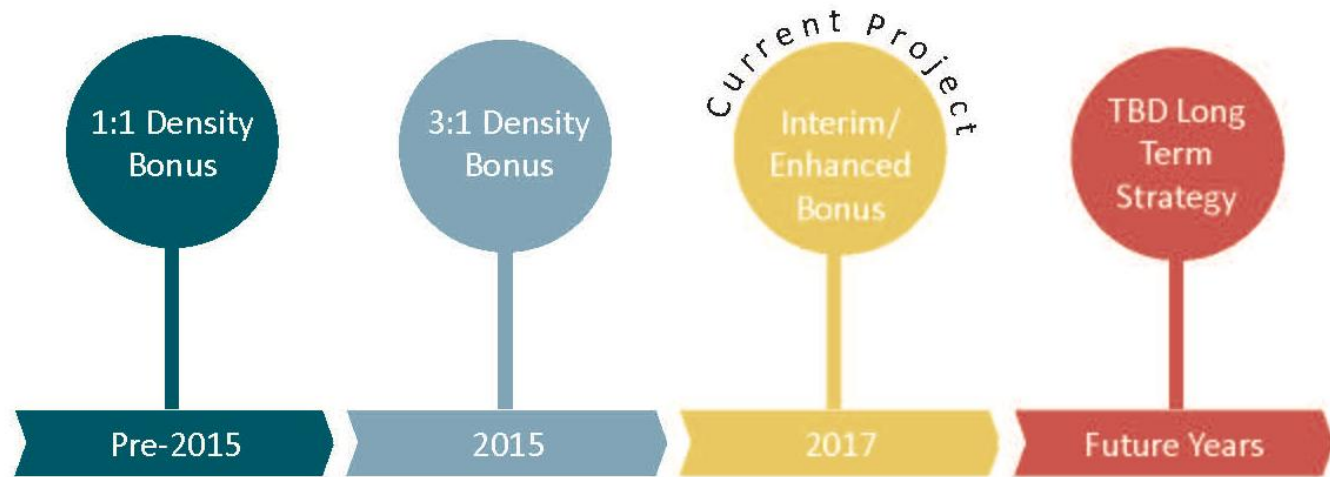


Providing housing for different income groups necessitates different strategies





Affordable Housing Regulatory Incentive Programs



Implemented concurrently with Compact Design zoning projects over 1-5 years



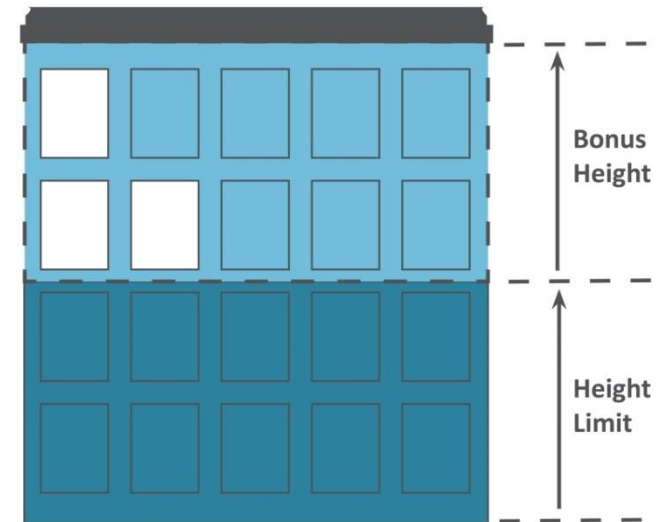
Interim Affordable Housing Bonus Objectives

- Develop an interim regulatory incentive that:
 1. Encourages developers of multi-family housing to include affordable units into projects located near planned rail transit stations before Compact Design Zoning is put in place;
 2. Ensures that housing developments are built following good urban design principles before Compact Design Zoning is put in place; and
 3. Is applied during the site plan or subdivision stage, without an often long and costly rezoning process.



What is an interim affordable housing bonus?

A zoning tool that can permit developers to build more housing units, taller buildings, or more floor space than normally allowed, in exchange for a provision of affordable housing before Compact Design Zoning is put in place.



Theory: Building more units offsets the expenses accrued by providing affordable units.

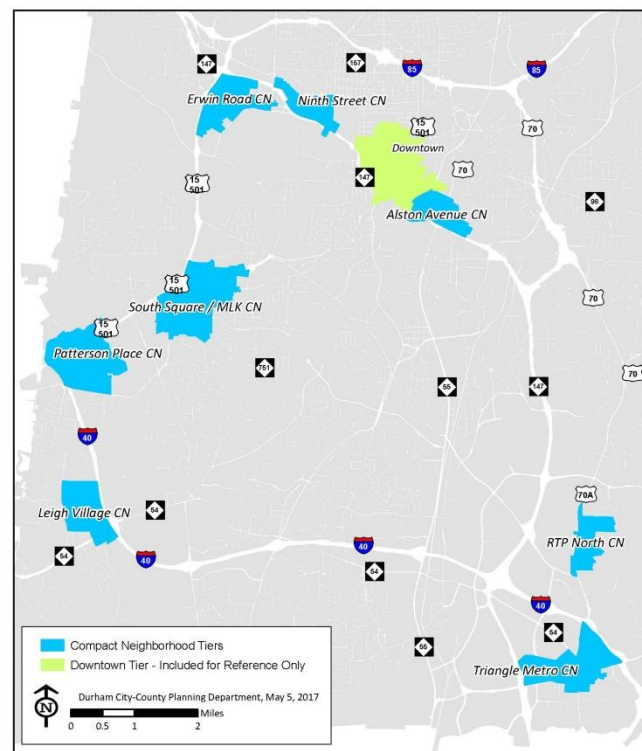


Where can the interim affordable housing bonuses be used?

Step 1: Is the property in a Compact Neighborhood Tier?



Compact Neighborhood:
A designation on the Future Land Use Map near a planned rail transit station. These are areas that are expected to evolve into neighborhoods with higher density, mixed use and walkability.



Where can the interim affordable housing bonuses be used?

Step 2: Does existing zoning allow multi-family housing?

- Includes some office and commercial districts
- Excludes single-family housing districts and industrial districts



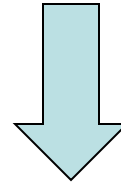


Bonus Basics

Affordability
Requirements

+

Design
Requirements



Density and
Height Bonuses



Affordability Requirements

- ✚ At least 15% of total units
- ✚ 30 year affordability period

Alternative A (“Resolution”)

- Affordable to households earning 60% AMI or less

Alternative B (“Public Participation”)

- Affordable to households earning 60% AMI or less – City Council evaluates financial contribution
- Affordable to households earning 80% AMI or less – By-Right approval per Section 6.6.

Alternative C (“Average AMI”)

- Affordable to households earning an average 70% AMI or less





Design Requirements

1. Building is placed on the site to create a sense of human/pedestrian-oriented scale





Design Requirements

2. Visual interest of building is created through the use of windows and doors (i.e. “fenestration)
3. Primary entrance engages the street



Design Requirements

4. Pedestrian activity is encouraged with accessible sidewalks



5. Pedestrian experience is enhanced through streetscape amenities





Bonuses

75 units/acre maximum density

90 feet maximum building height

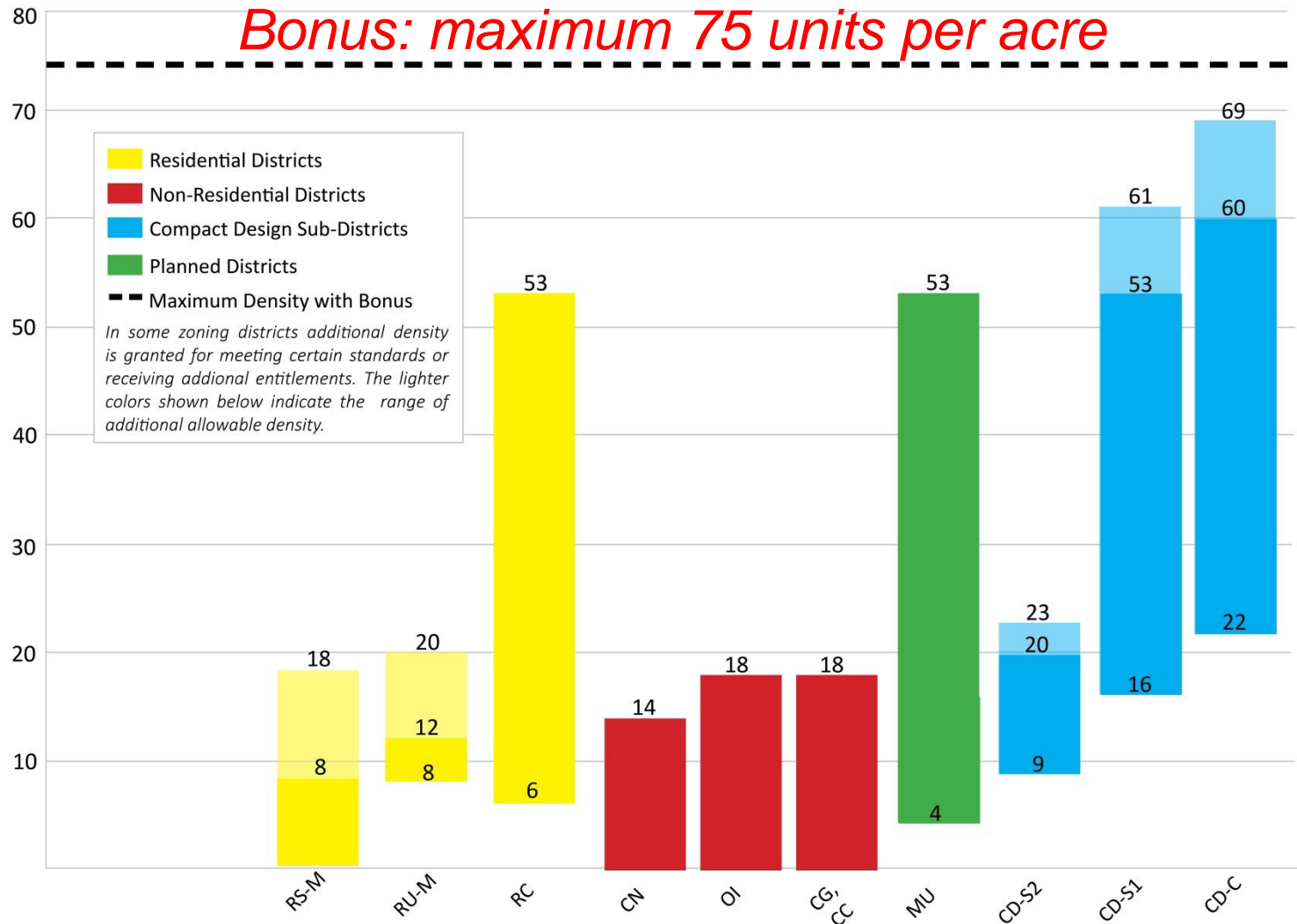
50 feet maximum building height if adjacent to single-family neighborhood

Eliminates minimum required parking

Administrative approval



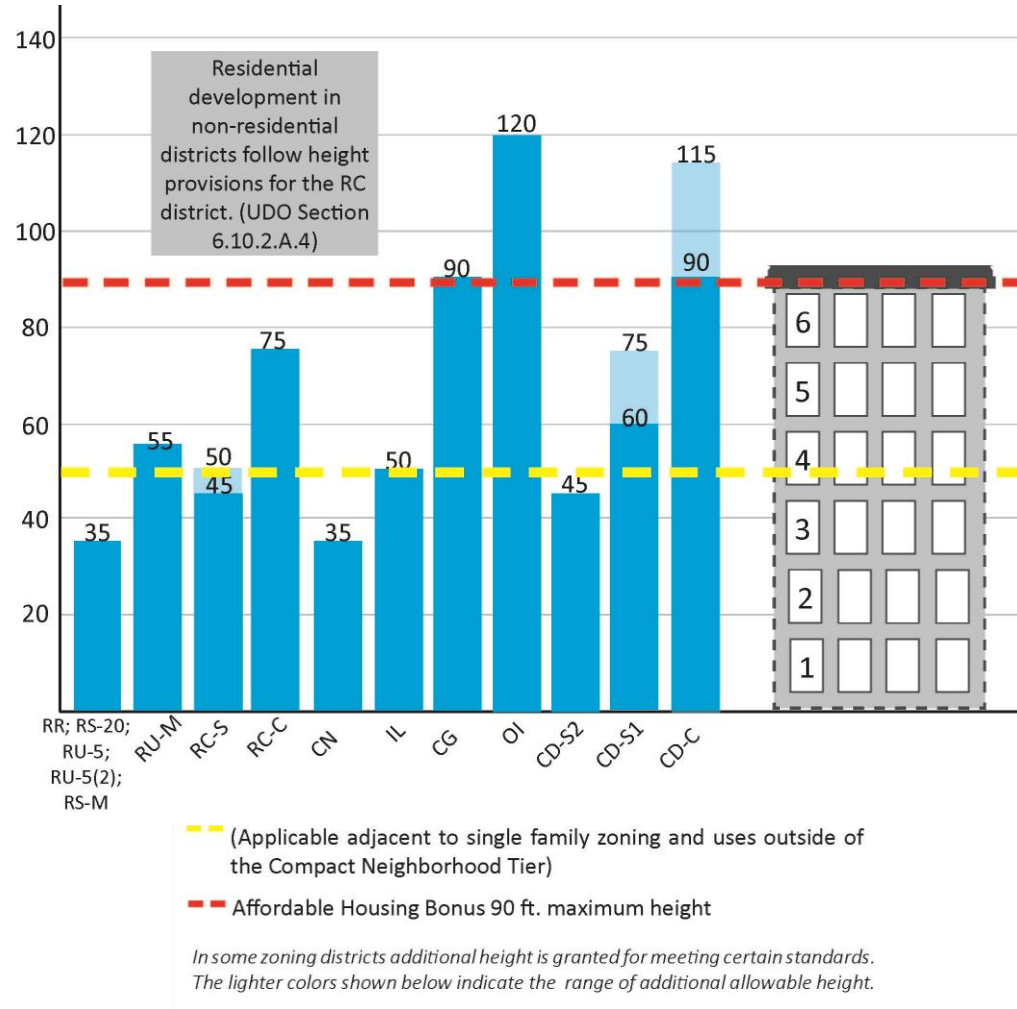
Permitted and Bonus Density Comparison





Permitted and Bonus Height Comparison

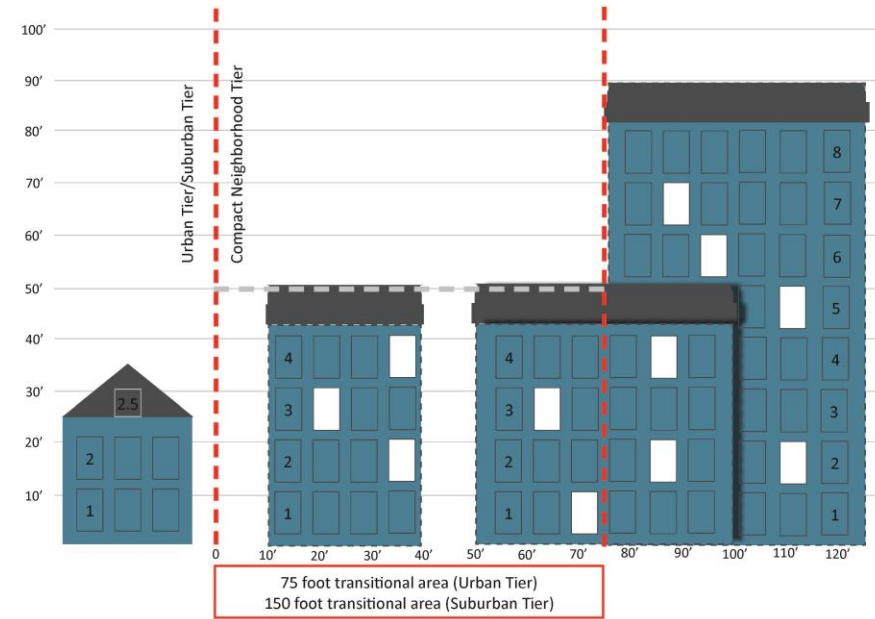
- Current zoning allows for a range of heights
- Proposed bonus would allow up to 90 feet (approx. 6 stories)





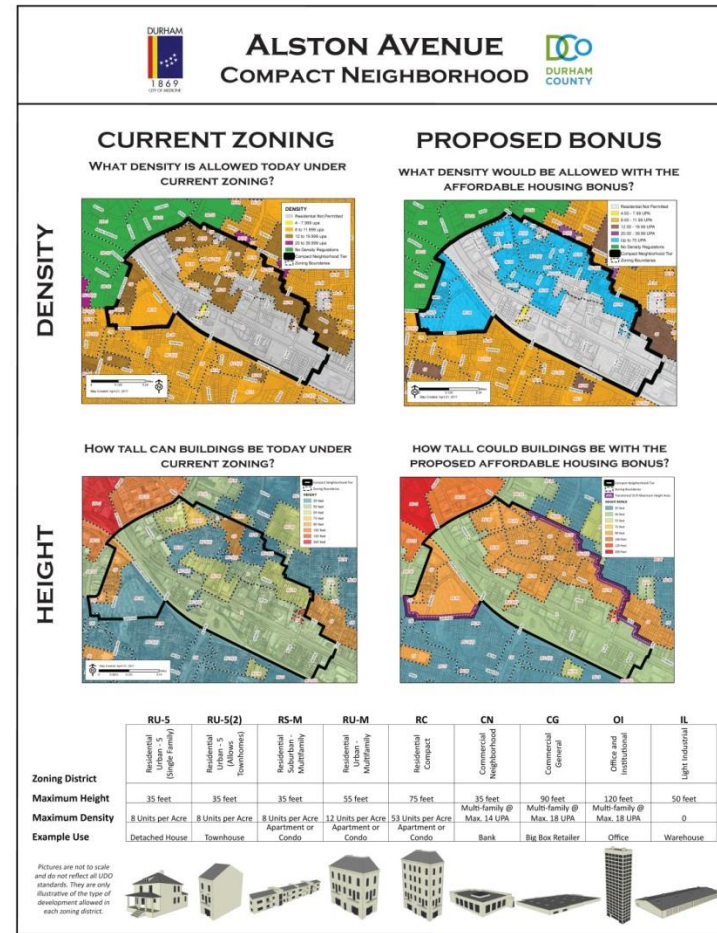
Transitional Height Area

- 75 ft. Urban Tier
- 150 ft. Suburban Tier
- Maximum building height is 50 ft. (approx. 4 stories)



How could this affect development near me?

Compare density and heights already allowed under current zoning to what would be possible with the affordable housing bonuses.



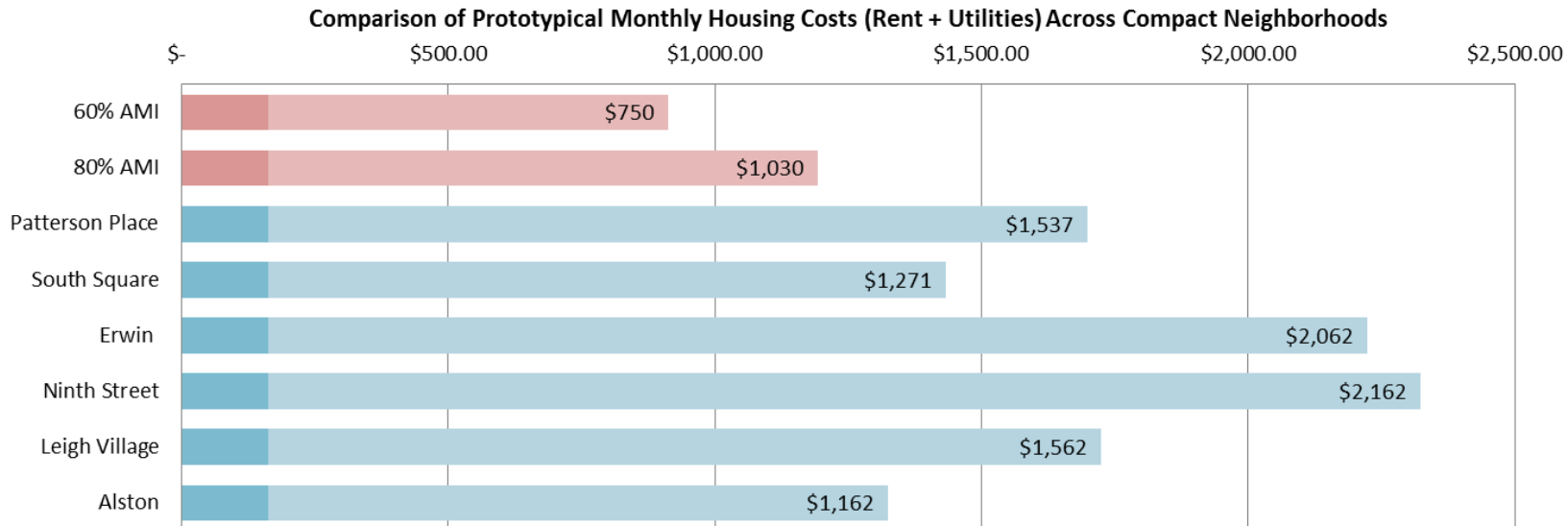


Limitations

- ✚ Impact of incentives may not be seen in the near-term without additional public participation or a major shift in construction costs
 - Revenue gap still exists
 - Economic conditions (price of land, market rents, etc.) vary across Compact Neighborhoods
 - Few “development-ready” sites

Income and Housing Costs

	Household Income	Affordable Housing Costs (Rent + Utilities)
2 person household at 60% AMI	\$33,940	\$750
2 person household at 80% AMI	\$45,250	\$1,030



Assumption: Utilities average \$162/month. Source: <https://www.numbeo.com>



Benefits

- ✚ Sends a signal to the market about expectations
- ✚ Assists in achieving density goals, particularly for large public projects without rezoning
 - Fayette Place



Potential Consequences

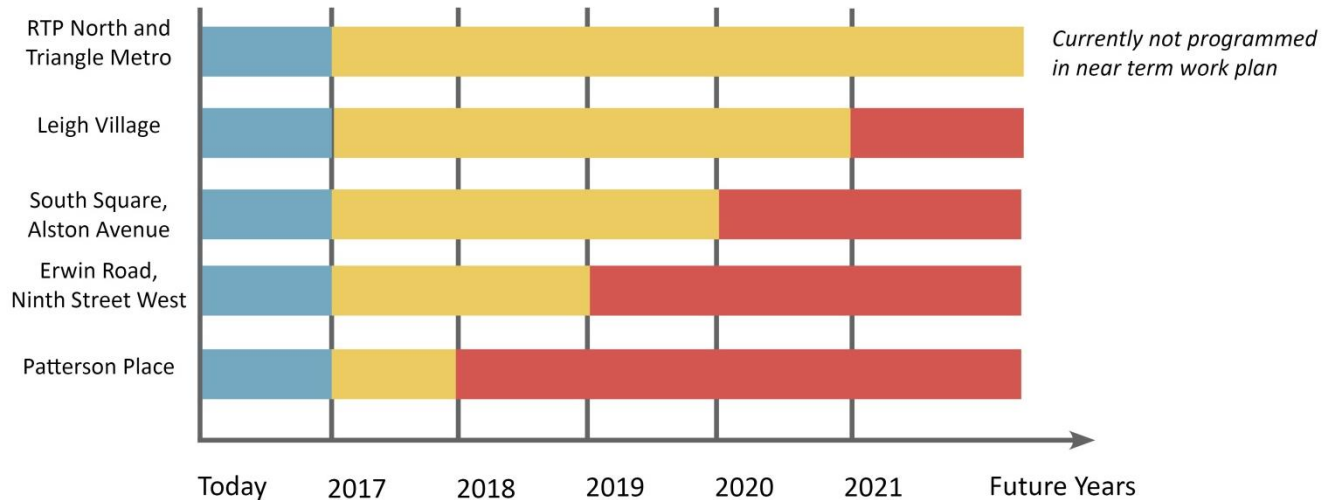
- Low Density Transit Areas
- Non-Residential Only (or limited residential) Transit Areas
- Development Pressure on Neighborhoods outside of Compact Neighborhoods
- Growth Management/Regional Competitiveness
- FTA New Starts Grant



Next Steps for a Long Term Strategy



Estimated Project Timelines





Next Steps for a Long Term Strategy

- ✚ Economic analysis to calibrate a workable density bonus AND incentive program
 - Specific to each Compact Neighborhood
 - Use Patterson Place as a test case
 - Require on-going third party analysis

